

The complaint

Mr K complains U K Insurance Limited turned down a claim he made on his rent guarantee insurance policy.

What happened

Mr K has landlord insurance with UKI which includes rent guarantee cover. At the start of January 2024 he claimed on his policy for assistance with possession proceedings and unpaid rent. He said the tenancy breach date was 29 September 2023. UKI requested further information including a copy of the rent schedule.

Mr K provided some of what was requested. At the end of February he said he'd posted the rent schedule. UKI told him in March that hadn't been received. In May it said it still didn't have this. And it was required in order for cover to be assessed. Mr K said his claim form provided the date of default. And he didn't want to waste time if UKI intended to apply an exclusion for claims not reported within 90 days. UKI reiterated later in May and again in June that the rent schedule was required for his claim to be considered.

Mr K emailed the rent schedule in mid-June. UKI said that did show the tenant had been in arrears for more than 90 days before the claim was reported to it. And it was also concerned the subsequent delay in that information being provided had prejudiced its position. It said it wouldn't be covering the rent guarantee claim (although would progress the repossession claim). It accepted there had been some delay in it responding to Mr K's correspondence and paid £175 in recognition of the impact of that on him.

Our investigator thought the evidence showed Mr K's tenant was in arrears from 29 September 2023. The policy required a claim under the rent guarantee section to be made within 90 days of the insured incident and Mr K's claim wasn't made until more than 90 days after the arrears began. UKI said the delay in notification and providing the rent schedule had prejudiced its position because it prevented legal proceedings starting and meant arrears continued to build up. She thought it had fairly declined the claim. And the compensation it had offered for delay in responding to Mr K was appropriate.

Mr K didn't agree. In summary he said

- The arrears weren't continuously overdue because the tenant paid the September rent in October. That reset the 90 day notification timeframe. His claim had been reported within 90 days of that and was reported within the 180 timeframe contained in the repossession section of the policy. And even if the 90 day timeframe did apply he was only four days outside of that.
- UKI hadn't given a deadline for the rent schedule to be provided and remained in communication with him about the claim throughout. The policy requirement for information to be provided as soon as possible was vague and undefined and UKI hadn't explained why the rent schedule was required. He had posted that to it and this information didn't in any case form part of the claim notification.

- The arguments around prejudice it had made were unsubstantiated and incoherent. It hadn't demonstrated legal proceedings were delayed or court dates missed and rent was unlikely to have been recovered any earlier. UKI could in any case have appointed solicitors to progress his claim without the rent schedule being provided.

So I need to reach a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The relevant rules and industry guidelines say UKI has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

I've reviewed the terms and conditions of Mr K's policy. That does include cover for commercial legal expenses and that section includes rent guarantee as an 'Insured Incident'. The policy says *"We will pay Your Rent Arrears while Your tenant or ex-tenant still occupies the Let Property up to a maximum of 12 months for any one claim"*.

The legal expenses section that forms part of excludes any claim reported more than 180 days after the date the insured person should have known about the insured incident. I don't think it's in dispute Mr K made his claim within that timeframe. The issue is the rent guarantee section specifically excludes *"a claim for rent arrears reported to [claims handlers] more than 90 days after the date You should have known about the Insured Incident"*.

Mr K disputes he was in breach of that condition. He says although his tenant didn't pay their rent in September 2023 they did make payment of those arrears the following month meaning the 90 day timeframe should start from that later date. However, the rent guarantee section of the policy says date of occurrence is *"the first date that any of the rent due under the terms of the tenancy agreement (or any other amount agreed between You and Your tenant) is not paid..."*

Here, while it's clear the tenant made a payment in October, that only covered one month's rent. So (and as Mr K's schedule shows) there has been a shortfall of £2,500 from September 2023 which wasn't addressed by the payment the tenant made in October. Taking into account the policy definition I think it was reasonable of UKI to say the missed payment in September was when the 90 day timeframe for notification began. Mr K made his claim on 1 January 2024. That's more than 90 days from when the rent arrears first began. I think UKI were right to say his claim was caught by the policy exclusion.

UKI also says after the claim was made Mr K didn't provide the information it asked for within a reasonable timeframe. And it's drawn attention to a policy term which says an insured person must *"report to [claims handlers] full and factual details of any claim as soon as possible and give [claims handlers] any information that is needed"*. I think it was reasonable of UKI to ask Mr K to provide a rent schedule showing, amongst other things, when the arrears had begun to accrue. That would be relevant to whether the policy could assist with a claim for repossession as well as whether notification requirements were met.

UKI first asked for this information in its initial email to Mr K on 12 January 2024, reiterated that request at the end of January and asked for it again at the start of February. Mr K then said he'd posted it but UKI made clear on a number of occasions in the subsequent months it hadn't been received. Mr K didn't provide the rent schedule until mid-June.

I appreciate the policy doesn't give an exact timeframe for information to be provided. But it does say that should be done "*as soon as possible*". I don't think that is a vague timeframe; I think it means to do something as quickly as you can. And while UKI didn't set deadlines in the emails it sent it did explain to Mr K the rent schedule was required for his claim to progress and made clear this hadn't been received. It's not clear to me why Mr K didn't email this information at a much earlier stage and I think he was in breach of the policy condition to provide details of his claim as soon as possible.

I've gone on to consider whether it's fair of UKI to rely on those breaches to decline the claim Mr K made. We'd expect an insurer demonstrate how that had adversely affected its position in order to fairly do so. And in this case, while Mr K's claim notification was outside of the 90 day timeframe in the policy, that was only by a relatively short period of time. I'm not persuaded that in itself caused UKI sufficient prejudice to enable it to fairly decline the claim.

However, Mr K didn't then provide the rent schedule for a further six months. And while I appreciate he did indicate in his initial submissions the date of tenancy default was 29 September I don't think it was unreasonable of UKI to conclude supporting evidence was required in relation to the nature and extent of that breach before the claim could be progressed (and legal proceedings could be taken). During that period there was a significant increase in the level of arrears which doubled from £10,000 to £20,000. That clearly means the amount UKI was potentially liable for was much higher than it otherwise would have been.

I appreciate the delay doesn't appear to have prevented possession proceedings being taken but it does appear it caused them to commence later than would otherwise have been the case. Of course there's no certainty earlier commencement would have reduced UKI's liability but that is possible. So I think UKI's position has been adversely affected because Mr K didn't provide necessary information about the claim at an earlier stage. I think it's fair of it to rely on the policy breaches it's cited to decline cover.

There was some delay in its responses to emails from Mr K. But I think it nevertheless made clear the rent schedule was required and that it hadn't been received. Given that I think the £175 (which I understand it's already paid) does enough to recognise the impact on him of what it got wrong during this time.

My final decision

I've decided not to uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 19 September 2025.

James Park
Ombudsman